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UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK

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In re:

Chapter 7

PETLAND DISCOUNTS, INC.  
*dba* ALL PET DISTRIBUTORS,

Case No. 19-72292-reg

Debtor.  
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**REPORT OF SALE OF THE ESTATE’S RIGHT, TITLE AND  
INTEREST IN A CERTAIN CLASS ACTION LAWSUIT CLAIM**

**TO: THE HONORABLE ROBERT E. GROSSMAN,  
UNITED STATES BANKRUPTCY JUDGE:**

Allan B. Mendelsohn, the Chapter 7 Trustee (the “Trustee”) for the Estate of Petland Discounts, Inc. *dba* All Pet Distributors (the “Debtor”), by and through his attorneys, Rosen & Kantrow, PLLC, respectfully submits this Report of Sale in connection with the sale of the estate’s right, title and interest in the claim (the “Claim”) relating to the class action lawsuit known as *In re Payment Card Interchange Fee and Merchant Discount Antitrust Litigation*, Case No. 1:05 md-1720-JG-JO, filed in the United States District Court for the Eastern District of New York (the “Litigation”), and respectfully represents as follows:

**BACKGROUND**

1. On March 28, 2019 (the “Petition Date”), the Debtor filed a voluntary petition for relief from its creditors pursuant to Chapter 7 of the Bankruptcy Code.
2. Thereafter, Allan B. Mendelsohn was appointed interim Trustee of the

Debtor's estate and, by operational of law, became the permanent Trustee of the Debtor's estate.

### **THE CLAIM**

3. As of the Petition Date, the Debtor was a class member in, and a potential beneficiary of, the class action lawsuit known as *In re Payment Card Interchange Fee and Merchant Discount Antitrust Litigation*, Case No. 1:05 md-1720-JG-JO, filed in the United States District Court for the Eastern District of New York.

4. The Litigation is a class-action lawsuit filed in 2005 by various merchants and trade associations against Visa, MasterCard and other financial institutions that issued payment cards. The Litigation was filed due to alleged price fixing and other allegedly anti-competitive trade practices in the credit card industry.

5. As a member of the plaintiff class in the Litigation, the Debtor may have a Claim for damages against the defendants in the Litigation and the Debtor may be entitled to a monetary or other recovery with respect to the Claim<sup>1</sup>.

### **SALE PROCESS**

6. The Trustee's marketing efforts resulted in the Trustee entering into claim purchase agreement with Optium Fund 3, LLC (the "Stalking Horse Purchaser") to purchase the Claim for \$45,000.00.

7. On October 9, 2020, this Court entered an Order [Dkt. No. 178] (the "363 Order") authorizing the Trustee to, among other things, enter into the stalking horse contract with the Stalking Horse Purchaser and to sell the Claim to the highest and best

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<sup>1</sup> The Trustee makes no representations whatsoever as to the status of the Claim and whether the Claim will yield a recovery.

bidder at an auction sale (the “Auction Sale”) that was to be conducted on November 2, 2020.

8. No qualifying bids were received; therefore, the Auction Sale was cancelled and the Trustee determined that the highest and best bidder for the Claim was the Stalking Horse Purchaser.

### **MARKETING CAMPAIGN**

9. The Trustee’s strategy for marketing the Claim and the Auction Sale was to advertise the Claim in the New York Times. A copy of the New York Times Publication of Sale and the Affidavit of Publication have been filed the Court and docketed as Dkt. No. 181.

*[Remainder of Page Intentionally Left Blank]*

10. In accordance with the Court's 363 Order, since no qualifying bids were received, and as a result, an auction sale did not occur, a further hearing as to whether to approve the sale of the Claim to the Stalking Horse Purchaser was not required and the 363 Order shall serve as an Order confirming the sale to the Stalking Horse Purchaser.

**WHEREFORE**, the Trustee believes that the highest and best results were achieved for the sale of the Claim.

Dated: November 10, 2020  
Huntington, New York

Respectfully submitted,

Rosen & Kantrow, PLLC  
*Attorneys for Allan B. Mendelsohn,  
Chapter 7 Trustee*

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